



***United States Attorney
Southern District of New York***

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**EX-OWNER AND CHIEF PHARMACIST OF LOCAL PHARMACY
PLEADS GUILTY TO PRESCRIPTION DRUG BILLING FRAUD**

DAVID N. KELLEY, the United States Attorney for the Southern District of New York, announced that PAUL FRANK, the former chief pharmacist and owner of a Spring Valley pharmacy called Prescription City, pled guilty today in Manhattan federal district court to felony health care conspiracy charges stemming from his scheme to defraud Medicaid and private insurers through a variety of fraudulent billing practices in connection with prescription medications.

According to a one-count criminal Information filed today against FRANK, from the 1970s through in or about June 2003, FRANK, a licensed pharmacist in New York State, was the owner of Prescription City (the "Pharmacy"), a retail pharmacy located in Spring Valley, New York. Around June 2003, FRANK sold the Pharmacy to a company called "Curative Pharmacy Services," and from around June to the beginning of November 2003, FRANK continued to work at the Pharmacy, then operating under a different name, on a contract basis. As the Information alleges, a substantial portion of the medications supplied to doctors and

patients by Prescription City included expensive cancer and HIV/AIDS medications.

As explained in the Information, under applicable Medicaid regulations and policies, and under the relevant private insurance contracts, pharmacists and pharmacies can bill only for prescription medications that are actually "dispensed" (i.e., filled, billed and delivered). The Information describes that the Pharmacy regularly accepted reimbursement for prescription medications from both Medicaid and from various private insurance companies. However, as the Information charges, between about 1999 up to about November 4, 2003, PAUL FRANK and others at the Pharmacy participated in a multi-faceted scheme to defraud Medicaid and private insurers by filing false and fraudulent claims for reimbursement for the cost of prescription medications. More specifically, the Information details that FRANK and his co-conspirators defrauded Medicaid and private insurance companies by: submitting false claims for prescription medications that were not actually dispensed; submitting false claims for plan-covered medications when, in fact, non-covered medications were dispensed; submitting false claims for brand name prescription medications when, in fact, less expensive generic medications were dispensed; submitting false claims seeking reimbursement where free "sample" medications (which applicable laws and regulations specifically prohibit from being

sold) were dispensed; and failing to reverse claims for prescription medications that were returned unused to the Pharmacy.

At FRANK's guilty plea today before United States District Judge DENISE L. COTE, FRANK admitted that he participated in the health care fraud scheme with the intent to obtain reimbursement to which the Pharmacy was not entitled. As part of his guilty plea, FRANK agreed to forfeit \$750,000 to the Government.

In a related case, on March 24, 2005, another New York licensed pharmacist, RICHARD AMICO, who worked for a number of years as a managing pharmacist at Prescription City, also pled guilty to felony health care conspiracy charges in connection with the scheme to defraud Medicaid and private insurers described above.

FRANK is scheduled to be sentenced on August 12, 2005, by Judge COTE. AMICO is scheduled to be sentenced on September 27, 2005, before United States District Judge LEWIS A. KAPLAN.

FRANK faces a maximum sentence of 10 years in prison, and the greater of a \$250,000 fine or twice the gross gain or gross loss from the offense; and AMICO faces a maximum sentence of 20 years in prison and the greater of a \$250,000 fine or twice the gross gain or gross loss from the offense.

FRANK, 65, lives in New City, New York. AMICO, 49,

lives in Danbury, Connecticut.

Mr. KELLEY praised the efforts of the Federal Bureau of Investigation in this case.

Mr. KELLEY said that the investigation is continuing.

Assistant United States Attorney DAVID SIEGAL is in charge of the prosecution.

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